

South Central Gaming Zone of Kansas

Projections of Casino Visits and Gaming Revenues



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Kansas Lottery Gaming Facility Review Board

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Section 1

Introduction, Research Methodology, & Limiting Conditions

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Introduction

The State of Kansas has lost gaming revenues for many years to a number of surrounding states, particularly to Missouri and Oklahoma. The recent development of numerous tribal casinos in Oklahoma has exacerbated the problem. In an effort to stem the flow of gaming revenues and related taxes out of the State of Kansas, the legislature passed Senate Bill 66 (SB 66), the Kansas Expanded Lottery Act, which legalized casino gaming. The governor, Kathleen Sebelius, signed SB 66 on April 12, 2007.

Key Gaming Provisions of Senate Bill 66

1. Establishment of four casino gaming zones:
 - Northeast (located in Wyandotte County)
 - Southeast (located in Crawford and Cherokee Counties)
 - South Central (located in Sumner and Sedgwick Counties)
 - Southwest (located in Ford County)
2. Building one state owned lottery gaming facility in each of the four Kansas gaming zones.
3. Permitting an aggregate of 2,800 slot machines to be installed at the three existing racetracks.

Other provisions included in SB 66:

Referendum Elections

SB 66 required the counties located within the four subject gaming zones to hold referendum elections for the purpose of either approving or disapproving casino gaming, or slot machines to be located at their respective racetracks. Three gaming zones have racetracks (northeast, southeast, and south central). However, Sedgwick County, located in the south central gaming zone, rejected gaming in their referendum election. As a result, slot machines will be limited to two Kansas racetracks: The Woodlands (closed in 2008) located in Kansas City, Kansas (northeast gaming zone), and Camptown Greyhound Park (closed since November 2000) located near Frontenac, Kansas (southeast gaming zone).

Kansas Lottery Commission

Casino companies interested in developing casino projects in one of the gaming zones must submit their applications to the Executive Director of the Kansas Lottery Commission. The lottery commission approves management contracts with potential lottery gaming facility managers to operate and/or to construct and operate a casino within one of the four designated gaming zones where it has been determined that the casino would promote tourism and generate economic development. Kansas Lottery Commission negotiates and signs a contract with

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the applicant(s). These documents are, in turn, sent to the Lottery Gaming Facility Review Board for consideration.

Lottery Gaming Facility Review Board

SB 66 provided for the creation of an independent, seven-member lottery gaming facility review board (three members are appointed by the governor, two by the president of the senate, and two by the speaker of the house). The Lottery Gaming Facility Review Board evaluates the applications to become lottery gaming facility managers that are submitted to the Kansas Lottery Commission. The Board can engage recognized experts and consultants in the casino gaming industry to provide the assistance necessary to fully review and analyze the subject applications. The cost for the outside services is paid by the prospective lottery gaming facility managers.

Capital Investment Requirements & Privilege Fees

SB 66 requires the casino developers to make the following minimum capital investments, and pay the accompanying privilege fees.

Gaming Zone	Minimum Capital Investment (Dollars in Millions)	Privilege Fee (Dollars in Millions)
Northeast	\$225	\$25
Southeast	\$225	\$25
South Central	\$225	\$25
Southwest	\$50	\$5

The capital investment represents the minimum investment required to build the proposed gaming facility. The privilege fee is an upfront, one-time fee paid by the prospective lottery gaming facility manager, for the privilege of being selected as a lottery gaming facility manager of a lottery gaming facility.

For example, a developer in the south central gaming zone would be required to make a minimum capital investment of \$225 million and pay a one-time only privilege fee of \$25 million to the state.

Creation of a State Owned Lottery Gaming Facility

SB 66 stipulates that the Kansas lottery gaming facilities will be state-owned, the first in the United States. The state will own and control the gaming functions. The Lottery Gaming Facility Review Board will select the applicants, who in turn will become gaming facility managers of the state-owned gaming facilities. These managers will act on behalf of the Kansas Lottery Commission. The gaming facility managers will fund, build, and operate all of the lottery gaming facilities under contract with the state lottery.

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Gaming Taxes

The contract managers will be required to pay the following taxes, all of which are based on a percentage of each lottery gaming facility's gaming revenues:

1. The lottery gaming facility would pay a minimum of 22% of gaming revenues to the state, plus an additional 2% to fund programs for problem gamblers and gaming addiction issues.
2. If a lottery gaming facility were located in either the northeast or southwest gaming zones, but not in a city, the gaming facility would be required to pay an additional 3% of gaming revenues to the county where the gaming facility was located.
3. If, on the other hand, the gaming facility were located in a city, the facility would pay 1.5% of gaming revenues to the city and 1.5% to the county.
4. If the lottery gaming facility were located in either the southeast or the south central gaming zone, but not in a city, the lottery gaming facility would pay 2% of gaming revenues to the county in which the facility were located, and an additional 1% to the other county in the gaming zone (each gaming zone has two counties).
5. If a gaming facility were located in a city, a combined tax equal to 3% of gaming revenues would be paid to the city (1%), to the county in which the lottery gaming facility were located (1%), and to the second county in the gaming zone (1%).

2009 Applications

The State of Kansas reopened the application bidding process in 2009. To date, only two of the gaming zones (northeast and south central) have applicants who are positioned to move forward with their respective lottery gaming facilities: the Hollywood Casino (northeast zone) and the Chisholm Creek Casino Resort (south central zone).

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Gaming Revenue Potential in Kansas

Before enactment of Senate Bill 66 (the Kansas Expanded Lottery Act), the Kansas Lottery Commission engaged Christensen Capital to update their study addressing the gaming revenue potential of the four Kansas gaming zones. The updated study was released in March of 2008.

The Kansas Lottery Gaming Facility Review Board engaged experts in 2008 to address a variety of issues including the gaming revenue potential for the State of Kansas. Wells Gaming Research (WGR) and Cummings & Associates were both asked to conduct independent market analyses of the four gaming zones, and to evaluate the revenue potential of each applicant's proposal. This evaluation process was completed in September 2008, and four winning applicants were selected: the Hard Rock Speedway (northeast zone), Penn National Hollywood (southeast zone), Harrah's (south central zone), and Boot Hill (southwest zone).

Recession Impacts

The 2008-2009 ongoing recession has unfortunately triggered severe economic downturns in the casino gaming industry. The impact for Kansas was that three of the four winning applicants were unable to fund and build their proposed lottery gaming facilities. Boot Hill was the only applicant able to move forward with construction and development of its lottery gaming facility.

Heightened Competition in the Southeast

The southeast gaming zone now faces formidable competition from the Downstream Casino, a large, new Tribal casino located in the northeast corner of Oklahoma within a few hundred yards of the Kansas casino development site. The realities of the recession together with the increased competition raise questions regarding the economic viability of a casino located in the southeast gaming zone of Kansas that requires a minimum capital invest of \$225 million plus a \$25 million privilege fee.

Project Objective

The objective of the following report and analyses is to provide the Lottery Gaming Review Board with independent forecasts for the number of potential casino visitors and the gaming revenues for the proposed Chisholm Creek Casino Resort.

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Scope of Work & Research Methodology

The scope of work and research methodology required to forecast the casino visits and gaming revenues for the Chisholm Creek Casino Resort included:

Identifying the Trade Area

WGR defined the south central trade area as the geography lying within an approximate 100-to-125-mile radius of the Sumner County, Kansas casino development site. It takes in counties located in two states (Kansas and Oklahoma). The boundaries extend to Saline and Dickinson Counties, Kansas on the north; to the Oklahoma counties of Canadian, Oklahoma, and Lincoln on the south; Kiowa and Comanche Counties, Kansas on the west; and Labette County, Kansas on the east. The trade area was extended south to include all of the Oklahoma City metro area (refer to the map on page 1-6).

Site Visits

Richard Wells (Wells), president of WGR, visited Chisholm Creek's 75-acre development site in Sumner County, Kansas (south central gaming zone). Other site visits included the Oklahoma and Missouri casinos that are located within the trade area boundaries for both the northeast and south central gaming zones of Kansas. These site visits were made between June and September 2009. Wells also visited the five Kansas tribal casinos; Kansas City, Missouri casinos; and the northern Oklahoma casinos in June-July of 2008.

Demographic Data

Detailed population (total and adult) data for the trade area was obtained from the Bureau of Business & Economic Research, University of Nevada, Reno at the census tract level of detail for 2000 through 2015. Median household income statistics were also obtained from the same source.

Capacity Statistics

In addition to compiling the current gaming capacity and amenity statistics, the following information was also included in the gravity models:

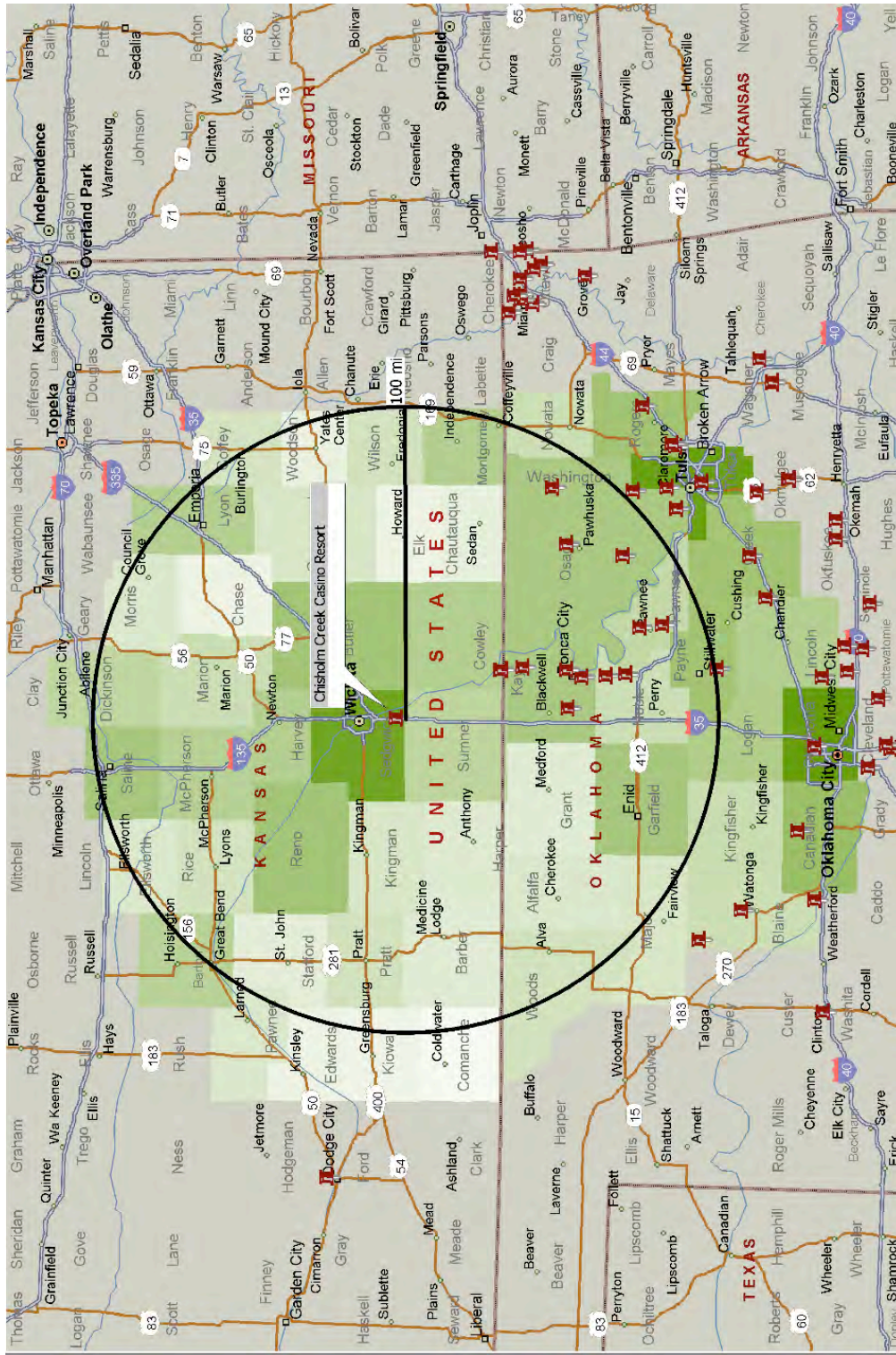
Two casino expansions in Oklahoma including an entertainment venue at the Cherokee Hard Rock Casino Tulsa and parking at the River Spirit Casino in Tulsa.

New Boot Hill Casino (southwest gaming zone of Kansas) with 875 slots, 20 table games, and 124 hotel rooms.

Chisholm Creek – Phase 1 with 1,300 slot machines and 30 table games.

Chisholm Creek – Full Build Out with 2,000 slots, 50 table games, and 150 hotel rooms.

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WGR's Proprietary Databases

WGR's proprietary databases were used as a data resource. The databases contain a wealth of casino related statistics dating back to 1990 and running continuously through the present. This is an unmatched data resource available exclusively to WGR for use in casino market studies.

Applicant Templates & Application Documents

Project and pro forma specific data were obtained from the templates and applications prepared by Chisholm Creek and submitted to the Kansas Racing and Gaming Commission (KRGC). The KRGC provided the documents to WGR.

Chisholm Creek's 2009 Application versus the three 2008 Applicants

WGR conducted a line item comparison of the Hollywood's 2009 application with the three 2008 applicants: Harrah's, Marvel's Trailhead, and Penn National's Hollywood (refer to Exhibit 3-9, page 3-12, for a line item comparison of the results).

Gravity Models

By way of background, gravity models use the principal of Isaac Newton's law of gravity, wherein the attraction between two objects is proportional to their mass, and is inversely proportional to the square of their respective distances.

Applications for the Business World

Even though Newton's law of gravity dealt with planets, the amount of gravitational force that they exert on each other, and the effects that the forces of gravity have on their trajectory, the concepts have been successfully applied to business. William J. Reilly first advanced the concept of using gravity modeling in 1931 in his book entitled *Law of Retail Gravitation*. Reilly illustrated that the concept of gravitational force (pull) can be applied to various types of problems, including business, retail, and traffic. Reilly applied the concept to retail shopping center trade areas and customer attraction.

WGR's Gravity Model

WGR has developed a custom, proprietary, gravity model for use in estimating casino gaming revenues as well as for evaluating the impacts of increased competition on those revenues. WGR's gravity modeling methodology has proven to be a flexible and effective tool for estimating gaming revenues for casino projects where the interplay with existing and/or proposed competing casinos could affect future gaming revenues.

Recession Analyses

WGR analyzed the impact of the ongoing 2008-2009 economic recession on casino gaming. Our findings show that the recession has not had a significant negative impact on casinos located in the Midwest region of the United States. In contrast, the period-over-period declines for the fiscal year

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ended June 30, 2009 for Las Vegas have been 11% or more. Reno comparisons for the same period show declines of approximately 20%. Unfortunately, Reno's casino industry has not only had to cope with the economic slowdown, but also with the continued expansion of Tribal gaming in northern California (Reno's primary feeder market).

Gravity Model for the South Central Gaming Zone

WGR built a new, custom designed gravity model for the south central gaming zone for the 2009 analyses. It contains current demographic and competitive information.

Recession Assumption for 2010

WGR has assumed that the impact of the current recession will continue through 2010. As a result, we have assumed that there will be zero growth in gaming revenues during 2010 in both the northeast and south central gaming markets. We are assuming that the recession will be over and that normal growth will resume in 2011.

Inflation Factors

WGR, together with the other consultants working on this project, agreed to use a 3% annual inflation rate beginning in 2011.

Gaming Revenues

Gaming revenue projections will only be reported for the mid case (mean). Footnotes will be included that identify the low and high percentage variances for a 68% confidence interval. In this way, the reader will know the statistical percentage variances in the casino revenues that can be expected within one standard deviation of the mean, i.e. within a 68% confidence interval.

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Section 2

Executive Summary

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Executive Summary

Chisholm Creek Casino Resort, LLC is proposing to build a lottery gaming facility (casino) on 75 acres in Sumner County, Kansas (south central gaming zone). The development site is located southwest of the Intersection of I-35 (Kansas Turnpike) and Highway 53 (Exit 33). It is bounded on the west by Highway 81.

The Kansas Lottery Gaming Facility Review Board engaged Wells Gaming Research (WGR) to conduct an independent study of Chisholm Creek's application. WGR's assignment included:

- Defining the project's trade area (refer to Section 1, pages 1-5 and 1-6 for a description of the trade area boundaries and the map).
- Inventorying the existing casino capacity located within the boundaries of the south central trade area
- Identifying casino expansions and proposed new casinos that could ratchet up future competition
- Researching demographic trends for the trade area (population, both total and adult, and median household income)
- Estimating the number of casino visits for the Chisholm Creek Casino Resort
- Forecasting gaming revenues for Chisholm Creek
- Conducting side by side analyses of Chisholm Creek's 2009 application with the three 2008 applicants (Harrah's, Marvel, and Penn National).

Highlights of WGR's research and analyses follow in this section. Complete detailed analyses can be found in the subsequent section.

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Casino Capacities for the South Central Trade Area

Casino capacity is summarized in Exhibit 2-1. Currently, there are 61 casinos located within the boundaries of the south central trade area (refer to Section 3, page 3-6 for details).

Exhibit 2-1 Casino Capacity for the South Central Gaming Zone

Casinos	# of Slots	# of Tables	# of Rooms	Entertainment	Parking
Current Capacity for Existing Casinos					
Existing 61 Casinos	35,197	571	1,372	17	43,807
Expansions & Proposed					
Expansions:					
Cherokee Hard Rock	0	0	0	1	0
River Spirit Casino	0	0	0	0	1,700
Proposed:					
Boot Hill Casino & Resort	875	20	124	2	1,575
Subtotal	875	20	124	3	3,275
Chisholm Creek - Phase-1					
Chisholm Creek - Phase I	1,300	30	0	0	1,925
Total Existing, Expansions & New	37,372	621	1,496	20	49,007
% Change Over Current	6%	9%	9%	18%	12%
Chisholm Creek - Full Build Out					
Chisholm Creek - Full Build Out	2,000	50	150	3	3,000
Total Existing, Expansions & New	38,072	641	1,646	23	50,082
% Change Over Current	8%	12%	20%	35%	14%

Data Source: Wells Gaming Research, October 2009.

Expansions and proposed includes expansions at two northeastern Oklahoma casinos (an entertainment venue at the Cherokee Hard Rock Casino Tulsa and parking at the River Spirit Casino in Tulsa). Also includes the new Boot Hill Casino located in the southwest gaming zone of Kansas.

Chisholm Creek – Phase 1 includes the expansions and proposed plus phase 1 of Chisholm Creek’s Casino Resort. The capacity proposed in phase 1 would increase the number of slot machines by 6% (up from the current capacity of 35,197 to 37,372), the total number of table games by 9% (up from the current 571 to 621), and the number of hotel rooms by 9% (up from 1,372 to 1,496).

Chisholm Creek – Full Build Out includes key capacity increases of 8% for slot machines (up from the current 35,197 machines to 38,072), 12% for table games (up from 571 to 641), and 20% for hotel rooms (up from 1,372 to 1,646).

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Demographic Data for the Trade Area

Demographic statistics for the south central trade area are summarized in Exhibit 2-2 for 2000, 2013, and 2015. Gaming population (adults 21 + years old) forecasts for the south central trade area for 2013-2015 indicate that adults will make up approximately 69% of the total in both the Kansas and Oklahoma sections of the defined trade area. Population concentrations for 2013-2015 indicate that approximately one-third (33%) of the trade area's gaming population will be located in Kansas and two-thirds (67%) in Oklahoma.

Exhibit 2-2 Trade Area Demographic Statistics

State	2000				2013				2015			
	Total Pop	Adult Pop	% Adult by ST	MHI	Total Pop	Adult Pop	% Adult by ST	MHI	Total Pop	Adult Pop	% Adult by ST	MHI
KS	1,004,072	690,510	35%	\$40,919	1,028,926	706,586	33%	\$55,396	1,032,710	709,065	33%	\$57,826
OK	1,875,349	1,303,213	65%	\$38,907	2,059,792	1,430,577	67%	\$55,417	2,085,193	1,448,150	67%	\$58,271
Total	2,879,421	1,993,723	100%	\$39,604	3,088,718	2,137,163	100%	\$50,257	3,117,903	2,157,215	100%	\$58,125
% Total		69.2%				69.2%				69.2%		

Data Sources: University of Nevada, Center for Regional Studies & Wells Gaming Research, October 2009.

Median household income statistics for the south central trade area have been forecasted at \$55,396 for 2013 for the Kansas portion of the trade area and \$55,417 for the Oklahoma part.

Corresponding median household income levels for 2015 have been forecasted to reach \$57,826 for the Kansas geography located within the trade area and \$58,271 for the Oklahoma portion.

By way of comparison, the US Census Bureau projects MHI at \$58,606 for 2013 and at \$61,464 for 2015 for the United States.

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Casino Visits

WGR used a custom, proprietary gravity model to forecast Chisholm Creek's casino visits. A comparison between Chisholm Creek's forecast and WGR's is illustrated in Exhibit 2-3.

Exhibit 2-3 Casino Visit Projections

Chisholm Creek Visits	Phase I		Full Build Out
	2013	2015	2015
Chisholm Creek's Projections	1,866,744	1,885,470	3,020,000
WGR's Projections	2,052,682	2,070,664	2,711,986
Difference - Applicant vs WGR	-185,938	-185,194	308,014

Data Sources: Wells Gaming Research & Chisholm Creek Casino Resort. LLC, October 2009.

Chisholm Creek versus WGR (2013 & 2015)

- **Phase 1**

Chisholm Creek's forecast of 1.87 million visits for 2013 is 186 thousand visits (8%) lower than WGR's 2.01 million. A similar difference of 185 thousand visits was forecasted for 2015.

- **Full Build Out**

Chisholm Creek's 3.0 million forecast for 2015 is 308 thousand higher (10%) than WGR's 2.7 million.

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Gaming Revenue Projections

WGR used gravity modeling techniques to forecast casino gaming revenues for the Chisholm Creek Casino Resort. WGR's gravity modeling methodology has proven to be a flexible and effective tool for estimating gaming revenues for casino projects where the interplay with existing and/or proposed competing casinos could affect the future gaming revenues of a particular project (refer to section-1, pages 1-8 and 1-9 for additional information on WGR's gravity modeling methodology).

WGR's 2013 gaming revenue forecasts for Chisholm Creek included the impacts of the 2008-2009 ongoing recession and a 3% inflation factor, which was used in the calculations starting in 2011 (inflation was not calculated into the 2010 forecast because of the recession).

Exhibit 2-4 Revenue Projections

Chisholm Creek Revenues	Phase I		Full Build Out
	2013 ¹	2015 ¹	2015 ²
Chisholm Creek's Projections	\$121,139,087	\$129,794,817	\$230,000,000
WGR's Projections	\$144,643,292	\$154,757,092	\$206,064,825
Difference - Applicant vs WGR	-\$23,504,205	-\$24,962,275	\$23,935,175

Footnotes:

1. **Phase 1 for WGR** --- At a 68% confidence interval (one standard deviation from the mean, assuming a normal distribution), revenues can be expected to vary +8% and -10%. In other words, predicted revenues can be expected to fall within this range 68% of the time.
2. **Full Build Out for WGR** --- At a 68% confidence interval, revenue can be expected to vary +6% and -7%, i.e., predicted revenues can be expected to fall within this range 68% of the time.

Data Source: Wells Gaming Research, October 2009.

Chisholm Creek versus WGR

- **Phase 1**
Chisholm Creek's \$121.1 million gaming revenue projection for 2013 is \$23.5 million (19%) lower than WGR's \$144.6 million. A similar difference was forecasted for 2015 with Chisholm at \$129.8 million and WGR at \$154.8 million, a \$25 million difference (19%).
- **Full Build Out**
Chisholm Creek's \$230 million gaming revenue forecast for 2015 is \$23.9 million (10%) higher than WGR's at \$206.1 million.

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Key 2009 Applicant Forecasts Compared with WGR & the 2008 Applicants

Highlights of Chisholm Creek's 2009 forecasts (phase 1 and the full build out) compared with WGR, and the three 2008 applicants (Harrah's, Marvel, and Penn National) are illustrated in Exhibit 2-5. It is important to note that due to the availability of data, a timing difference does exist between Chisholm Creek's 2015 forecasts for the full build out, and the 2012 projections developed by the 2008 applicants. The following comparison is being presented to the Kansas Lottery Gaming Facility Review Board to lend additional perspective on the 2009 applicant's project.

Exhibit 2-5 Chisholm Creek's versus WGR & the 2008 Applicants

Capacities & Amenities	2009 Application Chisholm Creek		2008 Applications (Projections Made by WGR for 2012) ¹		
	Phase I (2012)	Full Build Out (2015)	Harrah's	Marvel's Trailhead	Penn National's Hollywood
Capital Investment	\$125,000,000	\$225,000,000	\$450,000,000	\$393,156,577	\$365,000,000
Gaming Revenues:					
Applicant	\$117,037,434	\$230,000,000	\$252,359,000	\$258,216,000	\$194,234,748
WGR	\$139,843,679	\$206,064,825	\$203,911,008	\$138,363,216	\$125,679,360
Gaming Capacity					
# of Slots	1,300	2,000	2,000	2,000	1,500
# of Tables Games	30	50	59	83	40
Hotel Rooms	0	150	365	304	350

Capital Investment Comparisons

Phase 1 - Variances between Chisholm Creek's proposed \$125 million investment for phase 1 and the 2008 applicants illustrate that the applicants are:

- \$325 million (72%) lower than Harrah's \$450 million
- \$268 million (68%) lower than the Marvel's \$393 million
- \$240 million (66%) lower than the Penn National's \$365 million

Full Build Out - Variances show that the Chisholm Creek's proposed investment of \$225 million is:

- \$225 million (50%) lower than Harrah's \$450 million
- \$168 million (43%) lower than the Marvel's \$393 million
- \$140 million (38%) lower than the Penn National's \$365 million

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Gaming Revenue Comparisons

Variances between Chisholm Creek's proposed gaming revenues and WGR's forecasts illustrates that the:

Chisholm Creek 2009 application vs. WGR projections

Phase 1

- \$117 million projection for 2012 is \$23 million (20%) lower than WGR's \$140 million (Chisholm Creek's 2012 gaming revenue projections should not be confused with the 2013 forecasts featured in Exhibit 2-4, page 2-5).

Full Build Out

- \$230 million forecast for 2015 is \$22 million (10%) higher than WGR's \$206 million

Chisholm Creek 2009 application vs. the 2008 applicants

Phase 1

Gaming revenue comparisons between Chisholm Creek's \$117 million gaming revenue projection and the 2008 applicants shows that the Chisholm Creek is:

- \$135 million (54%) lower than Harrah's \$252 million
- \$141 million (55%) lower than the Marvel's \$258 million
- \$77 million (40%) lower than the Penn National's \$194 million

Full Build Out

Chisholm Creek's gaming revenue projection of \$230 million for 2015 is:

- \$22 million (9%) lower than Harrah's \$252 million
- \$28 million (11%) lower than the Marvel's \$258 million
- \$36 million (19%) higher than the Penn National's \$194 million

Slot Machines

Phase 1

Compared to the 2008 applicants, Chisholm Creek's proposed 1,300 slots are:

- 700 (35%) lower than Harrah's 2,000
- 700 (35%) lower than the Marvel's 2,000
- 200 (13%) lower than the Penn National's 1,500

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Full Build Out

Chisholm Creek's slot capacity projections of 2,000 slots are:

- Equal to Harrah's 2,000
- Equal to Marvel's 2,000
- 500 (33%) higher than the Penn National's 1,500

Total Table Games

Phase 1

Capacity variances between the Chisholm Creek and the 2008 applicants shows that Chisholm's 30 table games are:

- 29 (49%) lower than Harrah's 59
- 53 (64%) lower than Marvel's 83
- 10 (25%) higher than the Penn National's 40

Full Build Out

Chisholm Creek's proposed 50 table games are:

- 9 (15%) lower than Harrah's 59
- 33 (40%) lower than the Marvel's 83
- 10 (25%) higher than the Penn National's 40

Hotel Rooms

Chisholm Creek's Phase 1 proposal did not include hotel rooms; however, 150 rooms were proposed for the full build out.

Full Build Out

Chisholm Creek versus the 2008 applicants shows the following variances:

- 215 (59%) lower than Harrah's 365
- 154 (51%) lower than the Marvel's 304
- 200 (57%) lower than Penn National's 350

***South Central Gaming Zone of Kansas
Projections of Casino Visits & Gaming Revenues***

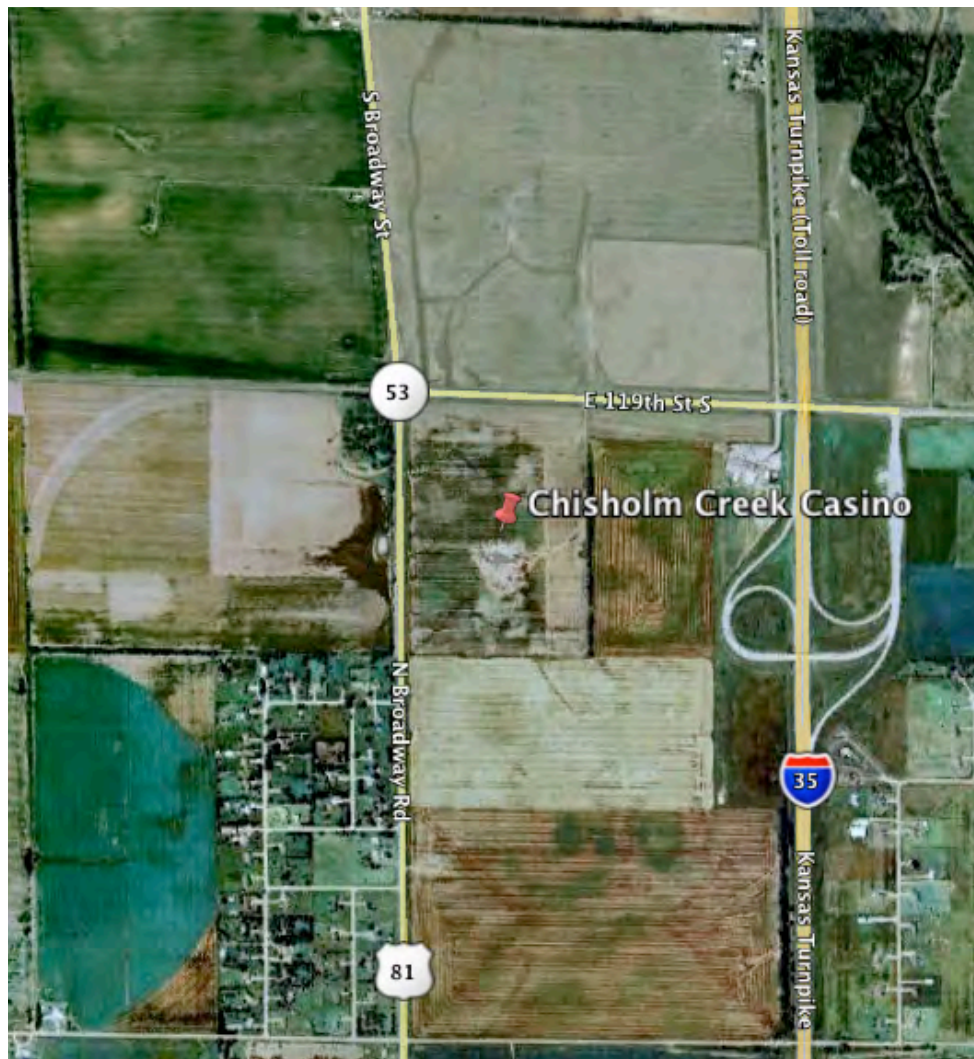
Section 3

Chisholm Creek Casino Resort Detail

***South Central Gaming Zone of Kansas
Projections of Casino Visits & Gaming Revenues***

Chisholm Creek Casino Resort Detail

Chisholm Creek Casino Resort, LLC is proposing to build the Chisholm Creek Casino Resort on 75 acres in Sumner County, Kansas. The development site shown below is located southwest of the Intersection of I-35 (Kansas Turnpike) and Highway 53 (Exit 33). It is bounded on the west by Highway 81.



South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Facility Statistics & Amenities

Exhibit 3-1 shows the capacity statistics and amenities proposed for phase 1 (opening status for the Chisholm Creek Casino Resort), as well as for the full build out (proposed for completion in 2015).

**Exhibit 3-1
Phase-1 versus Full Build Out**

Capacities & Amenities	Phase I (2012)	Full Build Out (2015)
Capital Investment	\$125,000,000	\$225,000,000
Gaming Revenues:		
Applicant	\$117,037,434	\$230,000,000
WGR	\$139,843,679	\$206,064,825
Difference	-\$22,806,245	\$23,935,175
Visitor Projections:		
Applicant	1,857,565	3,020,000
WGR	2,043,836	2,711,986
Difference	-186,271	308,014
Casino:		
Square Footage	54,475	95,000
# of Slots	1,300	2,000
# of Tables Games	30	50
# of Poker tables	Not Specified	Not Specified
Hotel Rooms	0	150
Restaurants/Entertainment:		
# of Restaurants	3	5
# of Small Entertainment Venues	0	1
# of Large Entertainment Venues	0	2 ¹
Convention Square Footage	0	12,000 ¹
Sports/Recreation Facilities	Not Specified	Not Specified
Parking:		
# of Surface Spaces	1,925	3,000
# of Covered Spaces	0	0
# of RV Spaces	0	0
# of Retail Outlets	1	1
# of FTE's (full time equivalents)	874	Not Specified

Footnote:

1. One live entertainment venue is included in addition to a multipurpose meeting and entertainment venue.

Data Source: Wells Gaming Research, October 2009.

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Capital Investment

Chisholm Creek estimates that a \$125 million capital investment would be required to complete phase 1 (the opening status of the lottery gaming facility). The full build out would require an additional \$100 million bringing the total capital investment to \$225 million.

Projected Opening Date

The targeted opening date is September 1, 2011 (assuming an August 31, 2010 start). As proposed, the first full year of operation would be 2012.

Facility Size & Design

Phase 1 would encompass an estimated 153,000 square feet and reflect a prairie style contemporary architectural theme. Prairie style architecture is most common in the Midwest United States. Typically, it reflects horizontal lines, flat or hipped roofs with broad overhanging eaves, windows grouped in horizontal bands, integration with the landscape, solid construction, craftsmanship, and discipline in the use of ornamentation. Frank Lloyd Wright was the most famous proponent of prairie style architecture.

Casino

Phase 1 would have 54,475 square feet of gaming space equipped with 1,300 slots and 30 table games. An additional 2,000 square feet would be dedicated to the cage, slot club, and promotions.

The casino in the full build out would have 95,000 square feet of gaming space equipped with 2,000 slots and 30 table games.

Hotel

A 150-room hotel, targeted for completion by 2015, would be part of the full build out.

Restaurants

The applicant's template included three restaurants (buffet, deli, and casual steakhouse) in phase 1.

The full build out would have five restaurants (the three included in phase 1 and two additional for full build out).

Entertainment Venues

The template information did not include any entertainment venues for phase 1. The full build out has been projected to have two entertainment venues, one live and one multipurpose meeting and entertainment space.

***South Central Gaming Zone of Kansas
Projections of Casino Visits & Gaming Revenues***

Convention & Meeting Space

Multipurpose convention and entertainment space has been included in the full build out plans.

Sports/Recreational Facilities

None have been specified.

Parking Facilities

Phase 1 of the applicant's template identified 1,925 parking spaces. Parking for 3,000 vehicles was included in the full build out.

Retail Space

The applicant's template included 1,200 square feet of retail space (1 outlet). Additional retail was not proposed in the full build out.

FTE's

Phase 1 includes 874 FTE's. The number required to operate the full build out was not been provided by Chisholm Creek; however, the expanded property would most likely require additional FTE's.

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Gaming Capacity

The existing and expanded gaming capacity including the addition of the proposed Chisholm Creek Casino Resort is illustrated in Exhibit 3-2 (refer to Exhibit 3-3, page 3-6, for a casino-by-casino listing of the capacity for the 61 existing Oklahoma casinos located within the boundaries of the south central trade area).

Exhibit 3-2 Capacity Summary for South Central Gaming Zone

Casinos	# of Slots	# of Tables	# of Poker	# of Total Tables	# of Bingo Seats	Race-book	Casino S.F.	Convention S.F.	# of Rooms	# of Restaurants	Entertainment	Parking
Current Capacity for Existing Casinos												
Existing 61 Casinos	35,197	348	223	571	2,860	8	1,723,784	107,850	1,372	93	17	43,807
Expansions & Other Proposed												
Expansions:												
Cherokee Hard Rock Hotel & Casino	0	0	0	0	0	0	0	0	0	0	1	0
River Spirit Casino	0	0	0	0	0	0	0	0	0	0	0	1,700
Proposed:												
Boot Hill Casino & Resort	875	15	5	20	0	0	48,457	19,776	124	3	2	1,575
Subtotal	875	15	5	20	0	0	48,457	19,776	124	3	3	3,275
Chisholm Creek Casino Resort - Phase-1												
Chisholm Creek Casino Resort Phase I	1,300	30	0	30	0	0	57,475	0	0	3	0	1,925
Total Existing, Expansions & New	37,372	393	228	621	2,860	8	1,829,716	127,626	1,496	99	20	49,007
% Change Over Current	6%	13%	2%	9%	0%	0%	6%	18%	9%	6%	18%	12%
Chisholm Creek Casino Resort - Full Build Out												
Chisholm Creek Full Build Out	2,000	50	0	50	0	0	95,000	12,000	150	5	3	3,000
Total Existing, Expansions & New	38,072	413	228	641	2,860	8	1,867,241	139,626	1,646	101	23	50,082
% Change Over Current	8%	19%	2%	12%	0%	0%	8%	29%	20%	9%	35%	14%

Footnote:

1. Refer to page 3-6 For a casino-by-casino listing of the capacity for the 61 existing casinos located in the south central gaming zone's trade area (all 61 are located in Oklahoma).

Data Source: Wells Gaming Research, October 2009.

Key projected gaming capacity increases with Phase 1 of Chisholm Creek include slot machines, up from 35,197 to 37,372 (6%), and total table games, up from 571 to 621 (9%).

The full build out capacity proposed for Chisholm Creek would result in an 8% increase in slot machines (up from 35,197 slots to 38,072) and a 12% increase in the number of table games (up from 571 to 641).

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Exhibit 3-3 Existing Gaming Capacity

# of Loc	Oklahoma Casinos	# of Slots	# of Tables	# of Poker Tables	# of Total Tables	# of Bingo Seats	Race-book	Casino S.F.	Convention S.F.	# of Rooms	# of Restaurants	Entertainment	Parking
1	7 Clans Paradise Casino	632	8	6	14	0	0	30,000	0	0	2	0	500
2	Blue Star Gaming and Casino	196	0	0	0	300	0	20,000	0	0	1	0	200
3	Border Town Casino	1,300	10	10	20	650	1	73,000	0	0	2	0	400
4	Bordertown Outpost Casino	265	0	0	0	0	0	3,000	0	0	0	0	1,300
5	Buffalo Run Casino	925	14	10	24	0	0	70,000	10,000	101	3	1	1,300
6	Cherokee Casino - Fort Gibson	295	0	0	0	0	0	7,430	0	0	1	0	182
7	Cherokee Casino - Will Rogers Downs	500	0	0	0	0	1	18,277	11,000	450	2	0	728
8	Cherokee Hard Rock Hotel & Casino	2,303	35	35	70	0	0	125,000	35,000	471	8	4	2,415
9	Cherokee Nation Outpost Tobacco Shop	81	0	0	0	0	0	1,728	0	0	0	0	42
10	Cimarron Casino	368	0	0	0	0	0	9,600	0	0	1	0	400
11	Creek Nation Casino Bristow	219	0	0	0	0	0	8,500	0	0	1	0	215
12	Creek Nation Casino Muskogee	456	7	10	17	300	0	30,000	0	0	1	0	450
13	Creek Nation Casino Okemah	298	0	0	0	110	0	1,800	0	0	0	0	200
14	Creek Nation Casino Okmulgee	334	2	3	5	0	0	11,000	0	0	1	0	600
15	Creek Nation Travel Plaza	43	0	0	0	0	0	920	0	0	1	0	50
16	Downstream Casino Resort	2,000	30	14	44	0	1	70,000	10,000	222	5	3	3,000
17	Duck Creek Casino	265	0	0	0	0	0	5,000	0	0	1	0	300
18	Feather Warrior Casino - Canton	137	0	0	0	0	0	0	0	0	0	0	92
19	Feather Warrior Casino - Watonga	175	0	0	0	0	0	2,200	0	0	0	0	118
20	FireLake Casino	800	13	8	21	500	0	50,000	5,000	0	3	0	800
21	FireLake Grand Casino	1,800	23	22	45	0	0	125,000	13,000	0	5	2	4,000
22	First Council Casino	700	10	8	18	0	0	0	0	0	3	0	950
23	Golden Pony Casino	400	0	0	0	0	0	10,000	0	0	1	0	500
24	Goldsbey Gaming Center	294	0	0	0	300	1	15,462	0	0	1	0	190
25	Grand Lake Casino	920	10	0	10	0	0	45,000	0	0	1	1	1,000
26	High Winds Casino	500	8	0	8	0	0	35,000	0	0	2	0	505
27	Kaw Southwind Casino	800	6	10	16	700	0	55,000	0	0	2	0	1,000
28	Kickapoo Casino	615	10	0	10	0	0	20,000	0	0	1	0	600
29	Kickapoo Conoco Station	52	0	0	0	0	0	900	0	0	0	0	30
30	Lil' Bit of Paradise Casino 1	306	0	0	0	0	0	0	0	0	0	0	60
31	Lil' Bit of Paradise Casino 2	47	0	0	0	0	0	0	0	0	0	0	30
32	Lucky Star Casino - Clinton	710	8	8	16	0	0	13,000	0	0	1	0	600
33	Lucky Star Casino - Concho	930	13	11	24	0	0	40,000	0	0	1	0	1,000
34	Lucky Turtle Casino	113	0	0	0	0	0	3,000	0	0	1	0	140
35	Miami Tribe Entertainment	93	0	0	0	0	0	0	0	0	0	0	60
36	Muscogee Travel Plaza	129	0	0	0	0	0	3,000	0	0	0	0	80
37	Mystic Winds Casino	322	0	0	0	0	0	0	0	0	0	0	215
38	Native Lights Casino	652	6	0	6	0	0	22,500	0	0	2	0	590
39	Newcastle Gaming Center I & II	1,255	28	14	42	0	0	21,073	0	0	3	0	1,100
40	Osage Million \$ Elm - Bartlesville	575	6	2	8	0	0	42,000	0	0	3	0	700
41	Osage Million \$ Elm Casino - Hominy	225	0	0	0	0	0	0	0	0	1	0	215
42	Osage Million \$ Elm - Pawhuska	178	0	0	0	0	0	0	0	0	1	0	50
43	Osage Million \$ Elm - Ponca City	223	0	0	0	0	0	7,700	0	0	0	0	150
44	Osage Million \$ Elm - Sand Springs	506	6	0	6	0	0	25,000	0	0	1	0	500
45	Osage Million \$ Elm - Skiatook	148	0	0	0	0	0	0	0	28	1	0	165
46	Osage Million \$ Elm - Tulsa	1,269	11	8	19	0	0	47,000	1,600	0	3	2	800
47	Pawnee Travel Plaza	35	0	0	0	0	0	0	0	0	0	0	20
48	Peoria Gaming Center	160	0	0	0	0	0	4,200	0	0	1	0	250
49	Quapaw Casino	498	8	0	8	0	0	27,000	0	0	1	0	430
50	Remington Park	700	0	0	0	0	1	55,000	0	0	3	0	6,700
51	River Spirit Casino	2,800	24	15	39	0	0	300,000	0	0	4	1	1,000
52	Riverwind Casino	2,318	32	23	55	0	1	76,308	14,000	100	7	2	4,000
53	Sac and Fox Casino - Shawnee	651	0	5	5	0	0	35,000	0	0	2	0	575
54	Sac and Fox Casino - Stroud	161	0	0	0	0	0	825	0	0	0	0	105
55	Seminole Nation Trading Post	175	0	0	0	0	0	3,424	0	0	0	0	115
56	Sugar Creek Casino	400	0	0	0	0	0	0	0	0	0	0	260
57	The Stables Casino	533	4	0	4	0	1	25,000	0	0	2	0	260
58	Thunderbird Casino	420	6	0	6	0	1	61,000	8,250	0	2	0	600
59	Tonkawa Casino	380	2	1	3	0	0	14,437	0	0	1	0	330
60	Trading Post Casino	98	0	0	0	0	0	3,500	0	0	1	0	130
61	Wyandotte Nation Casino	514	8	0	8	0	0	50,000	0	0	2	1	510
61 Total Existing Casinos		35,197	348	223	571	2,860	8	1,723,784	107,850	1,372	93	17	43,807

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Demographic Statistics

The following demographic statistics (total and adult population, and median household income) were compiled by research category for the south central trade area. Included are statistics for each of the seven counties contiguous with Sumner County (includes Sumner), as well as a combined total for the contiguous counties. Also included are demographic statistics for the 26 non-contiguous Kansas counties, 19 non-contiguous Oklahoma counties located within the trade area, and for the total 53 counties that make up the geography of the south central trade area.

Total Population of the South Central Gaming Zone

Exhibit 3-4 shows a total trade area population of 3.03 million for 2009, increasing slightly to 3.1 million by 2015. Of this total, 687.6 thousand (22%) will live in the counties contiguous with Sumner. Approximately 73% of the contiguous county population will be in Sedgwick County, Kansas. Butler and Kay are a distant second and third with 9.9% and 6.8%, respectively. By 2015, the Kansas population excluding the contiguous counties will represent 12.71% of the 3.1 million trade area total. Oklahoma excluding the contiguous counties will represent 65.23%.

The average compound growth rate in total population for 2009-2015 has been estimated at 0.43% for the contiguous counties and 0.47% for the total trade area.

Exhibit 3-4 Total Population for the South Central Trade Area - 2000 & 2009 through 2015¹

County	2000	2008	2009	2010	2011	2012	2013	2014	2015	% of 2015	CACGR
Butler County, KS	59,482	63,562	64,190	64,826	65,572	66,253	66,944	67,641	68,346	9.94%	1.05%
Cowley County, KS	36,291	34,065	33,919	33,769	33,688	33,563	33,437	33,313	33,190	4.83%	-0.36%
Harper County, KS	6,536	5,857	5,775	5,695	5,632	5,558	5,486	5,414	5,343	0.78%	-1.29%
Kingman County, KS	8,673	7,720	7,629	7,543	7,477	7,398	7,320	7,242	7,165	1.04%	-1.04%
Sedgwick County, KS	452,869	482,866	485,043	487,237	490,194	492,667	495,143	497,630	500,141	72.73%	0.51%
Sumner County, KS	25,946	23,616	23,393	23,173	22,999	22,795	22,595	22,395	22,199	3.23%	-0.87%
Grant County, OK	5,144	4,450	4,450	4,450	4,450	4,450	4,450	4,450	4,450	0.65%	0.00%
Kay County, OK	48,080	45,633	45,744	45,854	46,132	46,301	46,469	46,639	46,807	6.81%	0.38%
Total Contiguous Counties	643,021	667,769	670,143	672,547	676,144	678,985	681,844	684,724	687,641	100.00%	0.43%
KS Excluding Contiguous Counties	414,275	402,381	401,177	399,978	399,723	398,855	398,001	397,163	396,326	12.71%	-0.20%
OK Excluding Contiguous Counties	1,822,125	1,947,781	1,960,748	1,973,808	1,984,174	1,996,479	2,008,873	2,021,347	2,033,936	65.23%	0.61%
Total Population	2,879,421	3,017,931	3,032,068	3,046,333	3,060,041	3,074,319	3,088,718	3,103,234	3,117,903	100.00%	0.47%

Footnote:

1. The population statistics shown above are limited to those counties located in the identified south central trade area and are not necessarily representative of the population for the entire states of Kansas or Oklahoma.

Data Sources: Center for Regional Studies, University of Nevada, Reno
& Wells Gaming Research, October 2009.

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Adult Population Statistics for the South Central Trade Area

Exhibit 3-5 shows that in 2009 approximately 455.1 thousand adults reside in the counties contiguous with the Chisholm Creek casino site in Sumner County. Projections for 2015 reflect an increase to 466.9 thousand. Of these, 72.6% will be in Sedgwick County, Kansas. Butler and Kay with 9.8% and 6.9%, respectively, will continue to rank a distant second and third in adult population for the contiguous counties.

By 2015, the Kansas adult population, excluding the contiguous counties, will represent 12.87% of the 2.2 million adults in the trade area total. Oklahoma excluding the contiguous counties will represent 65.49%.

The average compound growth rate in adult population for 2009-2015 has been estimated at 0.42% for the counties contiguous with Sumner and 0.46% for the total trade area.

Exhibit 3-5 Adult Population - 2000 & 2009 through 2015¹

# of CO	County	2000	2008	2009	2010	2011	2012	2013	2014	2015	% of 2015	CACGR
	Butler County, KS	39,923	42,661	43,084	43,509	44,010	44,468	44,931	45,397	45,872	9.82%	1.05%
	Cowley County, KS	24,901	23,374	23,274	23,171	23,115	23,029	22,941	22,858	22,774	4.88%	-0.37%
	Harper County, KS	4,719	4,229	4,170	4,111	4,067	4,013	3,961	3,909	3,858	0.83%	-1.30%
	Kingman County, KS	6,044	5,380	5,317	5,257	5,211	5,156	5,101	5,047	4,993	1.07%	-1.06%
	Sedgwick County, KS	306,890	327,219	328,692	330,179	332,185	333,862	335,537	337,222	338,927	72.59%	0.50%
	Sumner County, KS	17,554	15,978	15,826	15,678	15,560	15,423	15,288	15,152	15,018	3.22%	-0.88%
	Grant County, OK	3,669	3,174	3,174	3,174	3,174	3,174	3,174	3,174	3,174	0.68%	0.00%
	Kay County, OK	33,194	31,505	31,582	31,658	31,849	31,964	32,081	32,200	32,315	6.92%	0.36%
8	Total Contiguous Counties	436,894	453,520	455,119	456,737	459,171	461,089	463,014	464,959	466,931	21.65%	0.42%
26	KS excl. Contiguous Counties	290,479	281,988	281,119	280,271	280,076	279,452	278,827	278,227	277,623	12.87%	-0.22%
19	OK excl. Contiguous Counties	1,266,350	1,353,053	1,362,022	1,371,055	1,378,231	1,386,751	1,395,322	1,403,952	1,412,661	65.49%	0.62%
53	Total Adult Population	1,993,723	2,088,561	2,098,260	2,108,063	2,117,478	2,127,292	2,137,163	2,147,138	2,157,215	100.00%	0.46%

Footnote:

1. The population statistics shown above are limited to those counties located in the identified south central trade area and are not necessarily representative of the population for the entire states of Kansas or Oklahoma.

Data Sources: Center for Regional Studies, University of Nevada, Reno
& Wells Gaming Research, October 2009.

Adult Population for the Trade Area

The total adult population for 2009 has been estimated at 2.1 million. It is expected to increase to approximately 2.2 million by 2015. The average compound growth rate (2009-2015) has been projected at less than one half of a percent (0.46%).

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Median Household Income

The results of WGR's median household income analyses for the south central gaming zone of Kansas are profiled in Exhibit 3-6.

Exhibit 3-6 Median Household Income - 2000 & 2008 through 2015¹

# of CO	County	2000	2008	2009	2010	2011	2012	2013	2014	2015	CACGR
	Butler County, KS	\$46,861	\$55,025	\$57,279	\$57,279	\$58,439	\$59,624	\$62,068	\$63,326	\$64,610	2.32%
	Cowley County, KS	\$35,004	\$40,897	\$42,519	\$42,519	\$43,354	\$44,206	\$45,960	\$46,863	\$47,783	2.25%
	Harper County, KS	\$29,988	\$35,946	\$37,612	\$37,610	\$38,473	\$39,353	\$41,178	\$42,121	\$43,085	2.62%
	Kingman County, KS	\$38,783	\$46,511	\$48,674	\$48,673	\$49,790	\$50,936	\$53,302	\$54,528	\$55,782	2.63%
	Sedgwick County, KS	\$45,705	\$53,667	\$55,865	\$55,865	\$56,998	\$58,154	\$60,536	\$61,764	\$63,016	2.32%
	Sumner County, KS	\$39,314	\$47,117	\$49,298	\$49,299	\$50,427	\$51,581	\$53,970	\$55,206	\$56,469	2.62%
	Grant County, OK	\$28,957	\$35,791	\$37,738	\$37,738	\$38,751	\$39,791	\$41,956	\$43,082	\$44,239	3.07%
	Kay County, OK	\$32,434	\$39,630	\$41,665	\$41,664	\$42,722	\$43,806	\$46,055	\$47,222	\$48,421	2.90%
8	Total Contiguous Counties	\$43,529	\$51,555	\$53,593	\$53,740	\$54,864	\$56,014	\$58,370	\$59,592	\$60,839	2.39%
26	KS excl. Contiguous Counties	\$35,872	\$42,996	\$44,973	\$44,986	\$46,016	\$47,069	\$49,229	\$50,355	\$51,507	2.61%
19	OK excl. Contiguous Counties	\$39,106	\$47,885	\$50,245	\$50,349	\$51,628	\$52,940	\$55,663	\$57,077	\$58,528	2.91%
53	Average Median Household Income	\$39,604	\$48,022	\$50,257	\$50,371	\$51,587	\$52,835	\$55,410	\$56,751	\$58,125	2.77%

Footnote:

1. The MHI statistics shown above are limited to those counties located in the identified south central trade area and are not necessarily representative of the entire states of Kansas or Oklahoma.

Data Sources: Center for Regional Studies, University of Nevada, Reno
& Wells Gaming Research, October 2009.

MHI Contiguous Counties

The average MHI was \$53,593 in 2009 for the counties contiguous with the Sedgwick County casino site. Projections for 2015 show an increase to \$60,839. County-by-county, Butler ranked the highest with a MHI projection of \$64,610 for 2015, followed by Sedgwick with \$63,016. The average compound growth rate for the contiguous counties has been estimated at 2.39% (2008 through 2015).

MHI for the Total South Central Trade Area

Exhibit 3-6 shows that in 2009 the total average MHI for the trade area was \$50,257. Projections for 2015 reflect an increase to \$58,125. Overall, an average compound growth rate of 2.77% has been projected (2008 - 2015) for the south central trade area.

By way of comparison, the MHI for the US has been projected at \$53,823 for 2009, \$58,606 for 2013, and at \$61,464 for 2015.

South Central Gaming Zone of Kansas

Projections of Casino Visits & Gaming Revenues

Casino Visits

WGR used a proprietary gravity model to forecast the number of casino visits. A comparison of Chisholm Creek's forecast versus WGR's is illustrated in Exhibit 3-7.

Exhibit 3-7 Casino Visit Projections

Chisholm Creek Visits	Phase I		Full Build Out
	2013	2015	2015
Chisholm Creek Casino Application - Residential	1,686,192	1,703,107	N/A
Chisholm Creek Casino Application - Tourist	180,552	182,363	N/A
Chisholm Creek Casino Application - Total	1,866,744	1,885,470	3,020,000
WGR's Casino Visit Projections	2013	2015	2015
Chisholm Creek Casino	2,052,682	2,070,664	2,711,986
Difference - Applicant vs WGR	-185,938	-185,194	308,014
% Difference	-9.96%	-9.82%	10.20%

Data Source: Wells Gaming Research, October 2009.

Chisholm Creek forecasted 1.87 million casino visits for 2013 versus 2.1 million estimated by WGR. Chisholm Creek's forecast was 186 thousand visits (10%) lower than WGR's.

Casino visit projections for 2015 showed a similar spread. Chisholm Creek projected 1.9 million casino visits, while WGR estimated 2.1 million. Chisholm Creek's were lower by 185 thousand visits (10%).

In the full build out case, the Hollywood projected 3.0 million visits relative to WGR's 2.7 million. Chisholm Creek's estimates were 308 thousand visits (10%) higher than WGR's.

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Gaming Revenue Projections

WGR used proprietary gravity modeling methods to forecast the casino gaming revenues for the Hollywood. WGR's gravity modeling methodology has proven to be a flexible and effective tool for estimating gaming revenues for casino projects where the interplay with existing and/or proposed competing casinos could affect the future gaming revenues of a particular project (refer to section 1, pages 1-7 and 1-8 for additional information on WGR's gravity modeling methodology).

WGR's 2013 forecasts for Chisholm Creek include the impacts of the 2008-2009 ongoing recession, and a 3% inflation factor.

Chisholm Creek versus WGR

Chisholm Creek's gaming revenue forecast of \$121 million for 2013 compares with WGR's \$145 million, a difference of 24 million (19%).

Chisholm Creek's 2015 forecast of \$130 million was \$25 million (19%) lower than WGR's gaming revenue projection of \$155 million.

In the full build out scenario, Chisholm Creek's revenue estimate of \$230 million was \$24 million (10%) higher than WGR's \$206 million.

Exhibit 3-8 Revenue Projections

	Phase I		Full Build Out
Applicant's Casino Revenue Projections	2013	2015	2015
Chisholm Creek Casino Application - Residential	\$108,978,060	\$116,763,754	N/A
Chisholm Creek Casino Application - Tourist	\$12,161,027	\$13,031,063	N/A
Chisholm Creek Casino Application - Total	\$121,139,087	\$129,794,817	\$230,000,000
WGR's Casino Revenue Projections (Inflated)	2013 ¹	2015 ¹	2015 ²
Chisholm Creek Casino	\$144,643,292	\$154,757,092	\$206,064,825
Difference - Applicant vs WGR	-\$23,504,205	-\$24,962,275	\$23,935,175
% Difference	-19%	-19%	10%

Footnotes:

- 1. Phase 1 for WGR** --- At a 68% confidence interval (one standard deviation from the mean, assuming a normal distribution), revenues can be expected to vary +8% and -10%. In other words, predicted revenues can be expected to fall within this range 68% of the time.
- 2. Full Build Out for WGR** --- At a 68% confidence interval (one standard deviation from the mean, assuming a normal distribution), revenue can be expected to vary +6% and -7%, i.e., predicted revenues can be expected to fall within this range 68% of the time.

Data Source: Wells Gaming Research, October 2009.

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Chisholm Creek versus the 2008 Applicants

WGR compared Chisholm Creek's 2009 proposal (phase 1 and the full build out) with the 2012 forecasts developed for Harrah's, Marvel (Trailhead Casino Resort), and Penn National (Hollywood Casino). The results are illustrated in Exhibit 2-9.

Exhibit 2-9 Comparison of Chisholm Creek 2009 versus 2008 Applicants

Capacities & Amenities	2009 Application Chisholm Creek		2008 Applications (Projections Made by WGR for 2012) ¹		
	Phase I (2012)	Full Build Out (2015)	Harrah's	Trailhead (Marvel)	Hollywood (Penn National)
Capital Investment	\$125,000,000	\$225,000,000	\$450,000,000	\$393,156,577	\$365,000,000
Gaming Revenues:					
Applicant	\$117,037,434	\$230,000,000	\$252,359,000	\$258,216,000	\$194,234,748
WGR	\$139,843,679	\$206,064,825	\$203,911,008	\$138,363,216	\$125,679,360
Difference	-\$22,806,245	\$23,935,175	\$48,447,992	\$119,852,784	\$68,555,388
Visitor Projections:					
Applicant	1,857,565	3,020,000	3,316,668	2,577,666	2,516,040
WGR	2,043,836	2,711,986	2,922,106	1,823,298	1,660,359
Difference	-186,271	308,014	394,562	754,368	855,681
Casino:					
Square Footage	54,475	95,000	70,000	65,000	70,000
# of Slots	1,300	2,000	2,000	2,000	1,500
# of Tables Games	30	50	50	65	40
# of Poker tables	Not Specified	Not Specified	9	18	Not Specified
Hotel Rooms	0	150	365	304	350
Restaurants/Entertainment:					
# of Restaurants	3	5	5	4	5
# of Small Entertainment Venues	0	1	2	2	1
# of Large Entertainment Venues	0	2 ²	2	1	1
Convention Square Footage	0	12,000 ³	30,338	40,000	30,000
Sports/Recreation Facilities:					
Enclosed Pool	Not Specified	Not Specified	Not Specified	Yes	Yes
Outdoor Pool	Not Specified	Not Specified	Not Specified	Yes	Not Specified
Spa/ Fitness Center	Not Specified	Not Specified	Yes	Yes	Yes
Golf	Not Specified	Not Specified	Yes	Yes	No
Tennis	Not Specified	Not Specified	Yes	Yes	No
Off-Site Guided Hunting & Lodge	Not Specified	Not Specified	No	Yes	No
Parking:					
# of Surface Spaces	1,925	3,000	2,614	3,000	2,900
# of Covered Spaces	0	0	576	0	0
# of RV Spaces	0	0	44	150	50
# of Retail Outlets	1	1	2	4	1
# of FTE's (full time equivalents)	874	Not Specified	1,187	1,520	875

Footnotes:

1. Recap of WGR's projections presented to the Kansas Gaming Facility Review Board in Sept. 2008.
2. Includes one live venue in addition to multipurpose meeting and entertainment venue.
3. Multipurpose meeting and entertainment venue.

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Capital Investment Comparisons

Phase 1 - Variances between Chisholm Creek's proposed \$125 million investment for phase 1 and the 2008 applicants illustrate that Chisholm Creek is:

- \$325 million (260%) lower than Harrah's \$450 million
- \$268 million (215%) lower than the Marvel's \$393 million
- \$240 million (192%) lower than the Penn National's \$365 million

Full Build Out - Variances show that the Chisholm Creek's proposed investment of \$225 million is:

- \$225 million (100%) lower than Harrah's \$450 million
- \$168 million (75%) lower than the Marvel's \$393 million
- \$140 million (62%) lower than the Penn National's \$365 million

Gaming Revenue Comparisons

Chisholm Creek 2009 application vs. WGR projections

Variances between Chisholm Creek's proposed gaming revenues and WGR's forecasts illustrates that the:

Phase 1

- \$117 million projection for 2012 is \$23 million (19%) lower than WGR's \$140 million (Chisholm Creek's 2012 gaming revenue projections should not be confused with the 2013 forecasts featured in Exhibit 2-4, page 2-5).

Full Build Out

- \$230 million forecast for 2015 is \$24 million (10%) higher than WGR's \$206 million

Chisholm Creek 2009 application vs. the 2008 applicants

Phase 1

Gaming Revenue Comparisons between Chisholm Creek's \$117 million gaming revenue projection and the 2008 applicants shows that the Chisholm Creek is:

- \$135 million (116%) lower than Harrah's \$252 million
- \$141 million (121%) lower than the Marvel's \$258 million
- \$77 million (66%) lower than the Penn National's \$194 million

Full Build Out

Chisholm Creek's gaming revenue projection of \$230 million for 2015 is:

- \$22 million (10%) lower than Harrah's \$252 million
- \$28 million (12%) lower than the Marvel's \$258 million
- \$36 million (16%) higher than the Penn National's \$194 million

South Central Gaming Zone of Kansas Projections of Casino Visits & Gaming Revenues

Slot Machines

Phase 1

Compared to the 2008 applicants, Chisholm Creek's proposed 1,300 slots are:

- 700 (54%) lower than Harrah's 2,000
- 700 (54%) lower than the Marvel's 2,000
- 200 (15%) lower than the Penn National's 1,500

Full Build Out

Chisholm Creek's slot capacity projections of 2,000 slots are:

- Equal to Harrah's 2,000
- Equal to Marvel's 2,000
- 500 (25%) higher than the Penn National's 1,500

Total Table Games

Phase 1

Capacity variances between the Chisholm Creek and the 2008 applicants shows that Chisholm's 30 table games are:

- 29 (97%) lower than Harrah's 59
- 53 (177%) lower than Marvel's 83
- 10 (33%) lower than the Penn National's 40

Full Build Out

Chisholm Creek's proposed 50 table games are:

- 9 (18%) lower than Harrah's 59
- 33 (66%) lower than the Marvel's 83
- 10 (20%) higher than the Penn National's 40

Hotel Rooms

Chisholm Creek's Phase 1 proposal did not include hotel rooms; however, 150 rooms were proposed for the full build out.

Full Build Out

Chisholm Creek versus the 2008 applicants shows the following variances:

- 215 (143%) lower than Harrah's 365
- 154 (103%) lower than the Marvel's 304
- 200 (133%) lower than Penn National's 350